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ERG

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15 January 2003





CIPPL

Dear Sirs

ERGRED

Australian Stock Exchange Filing

I enclose the following documents lodged with the Australian Stock Exchange yesterday:

Media Release headed "ERG Pays Out Unlisted Convertible Notes".

Yours faithfully

Clare Barrett-LennardCompany Secretary

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Australian Stock Exchange Limited ABN 98 008 624 691 Exchange Centre Level 4 , 20 Bridge Street Sydney NSW 2000

PO Box H224 Australia Square NSW 1215

Telephone 61 2 9227 0334 Facsimile 61 2 9227 0339 Internet http://www.asx.com.au DX 10427 Stock Exchange Sydney

FACSIMILE

Department: COMPANY ANNOUNCEMENTS OFFICE

DATE:

14/01/2003

TIME:

20:14:20

TO:

ERG LIMITED

FAX NO:

08-9273-1208

FROM:

AUSTRALIAN STOCK EXCHANGE LIMITED COMPANY ANNOUNCEMENTS OFFICE

PAGES:

SUBJECT:

CONFIRMATION OF RECEIPT AND RELEASE OF ANNOUNCEMENT

MESSAGE:

We confirm the receipt and release to the market of an announcement regarding:

ERG Pays Out Unlisted Convertible Notes

The contents of this fax are confidential and may only be used or disclosed by the addressee.

то Company Announcements Office

Australian Stock Exchange Limited ΑT

1300 300 021 FAX

REF CMP-0014-01

FROM Peter Fogarty

Announcement

14 January 2003 DATE

PHONE +61 8 9273 1209 +61 8 9273 1208

PAGES

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ERG

GROUP

Dear Sirs

FAX

RE

I enclose the following:

Media Release headed "ERG Pays Out Unlisted Convertible Notes".

Yours faithfully

Peter J Fogarty Chief Executive

ERG GROUP | ERG GROUP | ERG GROUP | ERG GROUP

DATE

14 January 2003

CONTACT

Shaun Duffy - General Manager Investor Relations

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sduffy@erggroup.com



ERG

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ERG Pays Out Unlisted Convertible Notes

ERG advises that it has paid out all monies that were owing in respect of the unlisted convertible notes held by Motorola Inc.

The amount paid was approximately \$10 million.

The Directors elected to pay out the monies owing rather than issue new capital in accordance with resolutions approved at the last AGM of the Company. The funds have been paid out of the Company's existing facilities.

The former holders of the remaining unlisted convertible notes have agreed to convert the monies owed to them to a secured term loan which, subject to shareholder approval, may be converted to ordinary shares or preference shares. In principle agreement has been obtained and formal documentation to give effect to this agreement is being finalised between the parties.

The repayment and conversion of the monies owed from the unlisted convertible notes is an important step in the Group's recapitalisation proposal announced at the AGM which, subject to noteholder and shareholder approval, will see the balance sheet and operating cash flow strengthened considerably.

ERG has mandated Paterson Ord Minnett as lead underwriter and broker to the issue for the proposed preference share issue. ERG has commitments from major noteholders and Babcock & Brown to sub-underwrite the issue to the extent of \$25 million.

-END-

BACKGROUND INFORMATION

ERG Group

The ERG Group is a world leader in the development and supply of integrated fare management and software systems for the transit industry, and for its smart card systems and services. The Group includes Belgian-based Proton World, specialising in high security, payment and identity smart card systems. ERG has 16 offices across 12 countries and employs approximately 900 people. ERG's customer list includes automated fare collection projects in more than 200 cities and in excess of 500 banks through Proton's licence agreements. Throughout the world, the ERG Group has more than 50 million smart cards in circulation. ERG is an Australian-based company, listed on the Australian Stock Exchange.

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